

YEAR-END REPORT FOR JANUARY-DECEMBER 2015

Q4:2015

*"We've already met all of our goals
for 2017 and now aim towards 2020"*

BILJANA PEHRSSON, CEO



KUNGSLEDEN

PROPERTY
BOOK VALUE,
SEK M:

27,470

NUMBER OF
MUNICIPALITIES
WHERE PRESENT:

69

NUMBER OF
PROPERTIES:

291

SHARE OF
OFFICE PROP-
ERTIES, %:

64

KUNGSLEDEN'S FOCUS AREAS

- *Increased quality of the property holdings and a focus on offices*
- *Metropolitan regions will represent at least half of the property portfolio*
- *Properties gathered in clusters improves the customer offering and provides operational and economic benefits*
- *More efficient management through lower geographic distribution, from 141 to less than 70 municipalities*

VISION

Kungsleden creates attractive premises that enrich people's working days.

BUSINESS CONCEPT

Kungsleden's long-term business concept is to own, actively manage, improve and develop commercial properties in growth regions in Sweden and deliver attractive total returns.

CUSTOMER OFFERING

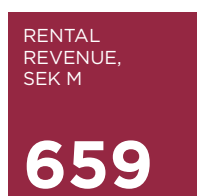
Kungsleden will provide attractive and functional premises in the right locations at the right price. We will always deliver that something extra.

FOURTH QUARTER

COMMENTS ON EVENTS DURING AND AFTER THE FOURTH QUARTER

- Rental revenue for the quarter increased by 26 per cent to SEK 659 million, primarily due to properties acquired and taken in possession, along with revenue from early redemption of leases. Operating net was SEK 441 million, which is a 30 per cent improvement compared to the same quarter last year (SEK 338 million). Operating net for the full year improved to SEK 1,545 (1,491) million.
- Financial expenses continued to fall during the quarter. On a full-year basis net financial items improved to SEK -473 (-660) million. By restructuring the interest rate swap portfolio, refinancing and new loans that were acquired, it was possible to lower our average interest rate from 5 to 2.7 per cent. At the same time, average maturity on loans was lengthened to 3.6 years, compared to 2.6 years at the beginning of the year.
- Profits from property management for the quarter increased by 105 percent to SEK 316 (154) million and for the full year profits from property management totalled SEK 966 (730) million.
- The new cluster, Gärdet/Frihamnen, which is 89,000 sq. m. of office and hotel space in the growing city district of Norra Djurgårdstaden, was acquired and taken in possession during the quarter. This increased the value of property holdings in Stockholm to SEK 11.6 billion, which corresponds to 42 per cent of Kungsliden's entire property portfolio.
- In December, the Administrative Court of Appeal handed down an adverse ruling on Kungsliden's last remaining tax case, pertaining to a transaction that occurred in 2007. Kungsliden made a provision and payment of SEK 1.3 billion related to that ruling.
- The Board proposes a dividend of SEK 2.00 (1.50) per share.

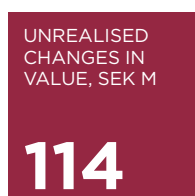
FOURTH QUARTER



Increased by 26 per cent to SEK 659 (524) million.



Improvement of 105 per cent to SEK 316 (154) million, which corresponds to SEK 1.73 (0.90¹) per share.

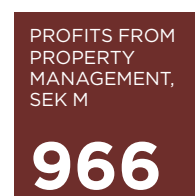


Value increase corresponding to 0.4 per cent of the property value.

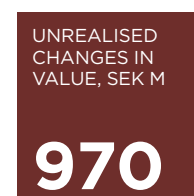
FULL-YEAR PERIOD



Increased by 6 per cent to SEK 2,314 (2,193) million.



Improvement of 32 per cent to SEK 966 (730) million, which corresponds to SEK 5.31 (5.02¹) per share.



Value increase corresponding to 3.5 per cent of the property value.

KEY FIGURES ¹	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
FINANCIAL				
Profits from property management, SEK per share ²	1.73	0.90	5.31	5.02
Profit/loss for the period, continuing operations, SEK per share ²	Neg.	2.91	2.78	Neg.
Profit/loss for the period, continuing and discontinued operations, SEK per share ²	Neg.	2.16	2.78	Neg.
Equity, SEK per share ²	51.28	50.01	51.28	50.01
Return on equity, %	Neg.	18.2	5.5	Neg.
Operating net - properties, SEK m	441	338	1,545	1,491
Interest coverage ratio, times ³	4.0	2.2	2.9	2.2
PROPERTY RELATED				
Economic occupancy rate, %	101.0 ⁴	89.2	93.2 ⁴	90.2
Average rent, SEK/sq. m. ⁵			986	916
Property costs, SEK/sq. m. ⁶			285	254

1. Kungsliden's policy regarding key figures is that previously published figures apply. Accordingly, the subsidiary, Nordic Modular Group is thus reported as discontinued operations 2014.

2. Diluted and undiluted, resp. The average number of shares for Q4 2015 is 182,002,752 (171,616,725) and the period Jan-Dec 2015 is 182,002,752 (145,352,883).

3. Kungsliden's policy regarding key figures is that previously published figures apply. The definition of interest coverage ratio has changed. See the 2014 Annual Report for current definitions.

4. The high outcome for economic occupancy rate is primarily explained by one-off invoicing for early redemption of leases.

5. Rental revenue on a 12-month rolling basis, less rental revenue for project properties divided by leased area less the area of project properties.

6. Property costs on a 12-month rolling basis, divided by leasable area, less project properties.

WE'VE ACHIEVED OUR GOALS AND AIM TOWARDS THE FUTURE

The restructuring of Kungsliden's property portfolio accelerated in 2015. At the end of the last quarter, we completed the acquisition and possession of a new, important cluster, Gärdet/Frihamnen, which is 89,000 sq. m of office and hotel space in downtown Stockholm. For the full-year 2015, we acquired strategic properties for SEK 5.8 million and divested non-strategic properties for just over SEK 700 million. Having done that, we managed to achieve our 2017 goals on the size, earnings and structure of the property portfolio, ahead of schedule.

The value of the portfolio is now SEK 27.5 billion, with an earnings capacity, expressed as operating net, of SEK 1.7 billion. The structure has also significantly improved: 59 per cent of the property value exists in the metropolitan regions of Stockholm, Gothenburg and Malmö. We have reduced our geographic distribution from 91 to 69 municipalities and 64 per cent of the portfolio is comprised of offices, with nearly 60 per cent located in one of our eleven clusters. During the quarter, we implemented our strategic goal of exiting our module operations when we sold the remaining portion of Nordic Modular Group to Inter IKEA Investments.

The earnings capacity, expressed as profits from property management, has improved due to our endeavours thanks to, in part reducing the burden of old, costly interest rate swaps and restructuring the interest rate swap portfolio and in part by renegotiating the loan portfolio. We have managed to reduce our average borrowing costs (average interest rate) from 5 to 2.7 per cent during the year, while simultaneously lengthening the average maturity on loans to 3.6 years, compared to 2.6 years at the beginning of the year.

HIGHER QUALITY WITH NEW ORGANISATION

At the start of the fourth quarter, we launched a new organisation, with the aim of achieving a higher level of quality and efficiency in our pursuits to be a long-term and active manager and landlord. We fortified the management organisation by expanding the scope of responsibility for regional managers and by hiring market asset and leasing managers. The aim is to ramp up our processing and communicating efforts with both old and new tenants so that we sign more leases and establish more long-term relations with customers.

New leasing has gone very well throughout 2015, resulting in a rental value of SEK 133 million, which is 22 per cent higher than last year. In Kista alone, we managed to lease 9,000 sq. m. of space over a period of just eight months. Nevertheless, cancellation of leases has also been high. Regardless, we had net leasing for the fourth quarter of SEK 10 million. For the full year, net leasing was SEK 7.5 million and with completed renegotiations, we were able to achieve a rent increase of 12 per cent, on average.

In December, the Administrative Court of Appeal handed down an adverse ruling on Kungsliden's last remaining tax case. This required us to make a provision and payment in the fourth quarter of just over SEK 1.3 billion in tax related to that case. Since 2013, Kungsliden's profit, equity and liquidity have been negatively impacted by almost SEK 3 billion, in total, for additional tax on transactions that were made between year 2004 and 2007. Now, at last, all of these tax cases have been concluded.

NOW WE AIM FOR 2020

Now we can enter the next chapter of Kungsliden's journey, with a larger, structurally-improved property portfolio, a strong financial position and an optimised organisation. This has motivated us to formulate a new, long-term business plan containing clear, operational goals for the coming years – Kungsliden 2020.

Our vision is to create attractive premises that enrich people's working days. The rental market is strong and above all, there is a healthy demand for office facilities. The locations of our clusters are attractive, with good accessibility. We have a comprehensive offering at our clusters and are proactive in creating attractive premises. Our aim is to offer variety in terms of size, standard and price, which provides our tenants with a high level of flexibility. Given the high rate of change experienced by today's companies, flexibility is very important. Our clusters help establish us locally more firmly and make our property management efforts more rational. We want to implement a "shopping centre approach" at our clusters. This involves creating an attractive indoor environment at each location, but just as important are profiling, mix of companies, service offering in the area and an attractive outdoor environment. The goal is to achieve a higher occupancy rate, along with rental and value growth via satisfied customers.

By 2020, we aim to be one of Sweden's largest and most profitable listed property companies. The strategy focuses on continued portfolio optimisation and expansion with quality in Sweden's most important growth markets - Stockholm, Gothenburg, Öresund and Västerås. At the same time, will concentrate on establishing larger, more efficient units by setting up more and larger clusters.

I'm looking forward to further excellent collaboration with both colleagues and customers. Now, we aim towards 2020.

Stockholm, 17 February 2016
Biljana Pehrsson, CEO

GOAL 2017 (ESTABLISHED IN 2013)

GOAL 2017 50%	PROPERTY CATEGORY, OFFICE Represents at least half of the property portfolio
GOAL 2017 50%	METROPOLITAN REGIONS Represent at least half of the property portfolio
GOAL 2017 < 70 MUNICIPALITIES	GEOGRAPHIC DISTRIBUTION Reduce the number to 70 municipalities or less
GOAL 2017 SEK 25 BILLION	BOOK VALUE, PROPERTIES At least SEK 25 billion

OUTCOME 2015

OUTCOME 2015 64%	✓
OUTCOME 2015 59%	✓
OUTCOME 2015 69 MUNICIPALITIES	✓
OUTCOME 2015 SEK 27.5 BILLION	✓

PERFORMANCE ANALYSIS JAN-DEC 2015

REVENUE, EXPENSES AND PROFIT

OPERATING NET

Operating net for the full year was SEK 1,545 (1,491) million. The change for the full-year period was primarily due to a larger property portfolio and increased property administration. Operating net for the fourth quarter was SEK 441 million, which is an increase of SEK 103 million compared to the same period last year.

RENTAL REVENUE

Rental revenue for the year increased by SEK 121 million to SEK 2,314 (2,193) million. For comparable property holdings, the increase is based on the net effect of one-off invoicing totalling SEK 67 million and renegotiation of the lease with ABB, resulting in SEK 26 million less in rental revenue for 2015. The remainder of the improvement results from having a larger property portfolio. Expressed in square metres, rental revenue increased SEK 70 to SEK 986 during the year. Rental revenue for the fourth quarter was SEK 659 million, compared to SEK 524 million for the same period last year.

RENTAL REVENUE SEK m	SEK/sq. m. ¹	Total	Total
	2015 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec
Rental revenue	986	2,314	2,193
Total	986	2,314	2,193

1. Rental revenue on a 12-month rolling basis, less rental revenue for project properties divided by leased area less the area of project properties.

PROPERTY COSTS

Direct property costs increased by SEK 40 million for the full year to SEK 660 (620) million. For comparable holdings, property costs increased by SEK 22 million, primarily due to higher operating costs, which had to do with a particularly low level of costs last year since a provision for the GE acquisition was reversed, lowering operating costs by SEK 8 million. Maintenance costs fell somewhat in 2015, as did energy costs, resulting in part from concerted efforts to lower energy consumption.

The increased size of the property portfolio resulted in higher costs for property tax and site leasehold fees of SEK 19 million.

Property administration costs increased by SEK 26 million compared to last year, which was primarily due to positions that were filled and fortification of the management organisation that was necessary, given our growing property portfolio.

Total property costs for the full-year 2015 were SEK 769 (703) million. Expressed per sq. m., property costs increased from SEK 31 to SEK 285.

PROPERTY COSTS SEK m	SEK/sq. m. ¹	Total	Total
	2015 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec
Operations	156	424	401
Maintenance	42	113	116
Property tax and site leasehold	45	122	103
Direct property costs	243	660	620
Property administration	42	109	83
Total	285	769	703

1. Property costs on a 12-month rolling basis, divided by leasable area, less project properties.

SELLING AND ADMINISTRATION COSTS

Selling and administration costs for the full year were SEK 106 (101) million. Selling and administration costs for the fourth quarter were SEK 28 million, which is an increase of SEK 5 million compared to the same period last year.

NET FINANCIAL ITEMS

Net financial items continued to improve and were SEK -473 (-660) million for the full year, including the profit from participation in the associated company, Nordic Modular Group, of SEK 24 million. The change is primarily due to refinancing with lower borrowing costs, lower outcomes in STIBOR 90-days and from exercising old interest rate swaps with a high coupon rate.

PROFITS FROM PROPERTY MANAGEMENT

Profits from property management rose to SEK 316 (154) million for the quarter and SEK 966 (730) million for the full year.

VALUE CHANGE ASSETS

The value of property holdings increased by SEK 1,005 (1,003) million during the year. The change is primarily attributable to lower yield requirements – as of 31 December, the yield requirement was 6.5 per cent, as compared to 7.4 per cent at the beginning of the year.

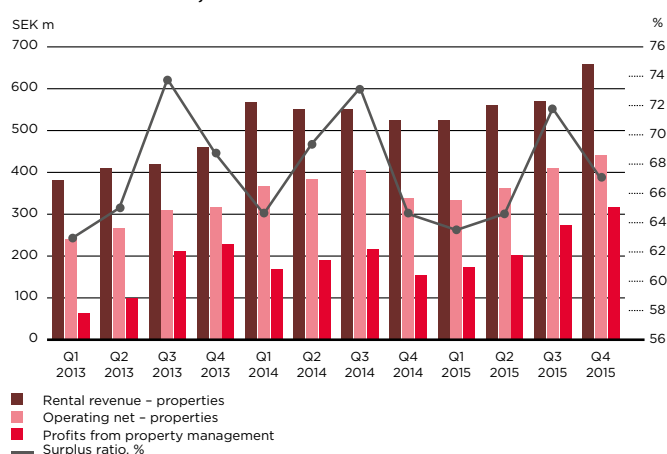
UNREALISED CHANGES IN VALUE OF FINANCIAL INSTRUMENTS

The unrealised changes in value of financial instruments were positive for the full year at SEK 176 (-427) million due to scheduled interest payments on swaps, which, to a certain extent was counterbalanced by falling interest rates.

PROFIT/LOSS FOR THE PERIOD FOR CONTINUING AND DISCONTINUED OPERATIONS

Profit for the full year was SEK 505 (-753) million. Included in profit for the period is a reservation for the tax ruling of SEK -1,319 million, along with the positive impact of SEK 140 million for higher deficit deductions from adjusted tax filings. A payment of SEK 1,303 million was made related to the tax ruling.

SURPLUS RATIO, % QUARTERLY DEVELOPMENT



PROPERTY MANAGEMENT

EARNINGS CAPACITY

The table below shows the earnings capacity of Kungsleden's property holdings as of 31 December 2015 and it shows the operating net that these properties would yield if they had been owned for the last 12 months. In earnings capacity, project properties is reported as a separate category of property.

Information on earnings capacity does not include any assessments of future vacancies, rental trend or value changes.

EARNINGS CAPACITY BY PROPERTY CATEGORY	Office	Industrial/ Warehouse	Retail	Other	Total excl. project properties	Project properties	Total properties
No. of properties	118	99	52	13	282	9	291
Leasable area, thousand sq. m	1,179	1,123	241	40	2,583	82	2,665
Rental value, SEK m	1,588	768	258	46	2,660	86	2,746
Rental revenue, SEK m	1,478	710	230	44	2,462	60	2,522
Operating net, SEK m	979	523	147	26	1,675	27	1,702
Book value, SEK m	17,180	6,849	2,371	342	26,742	728	27,470
Economic occupancy rate, %	93.1	92.5	89.2	93.2	92.5	70.4	91.9
Occupancy rate, area wise, %	85.2	92.5	88.7	87.5	88.7	59.8	87.8
Property yield, %	5.7	7.6	6.2	7.5	6.3	3.7	6.2
Operating surplus margin, %	66.3	73.6	63.8	59.1	68.0	45.1	67.5

ACTIVE MANAGEMENT

A lot has happened during the period, October through December 2015, with the acquisition and take-over of a new cluster, a completed re-organisation project and the start of our efforts to implement "Kungsleden's Flow," i.e. adapting and streamlining our internal processes.

Four properties were acquired and taken over during the quarter in the growing area of Gärdet/Frihamnen, with a total leasable area of almost 89,000 sq. m. This created a new cluster in the new city district called Norra Djurgårdsstaden (read more about it on page 9). We were successful in our endeavours to develop our clusters during the period and over the entire year. We have dedicated management and leasing teams at all our clusters. This will enable us to establish closer relations with both customers and decision-makers. On a full-year basis, net leasing for clusters was approximately SEK 10.6 million and for other properties, it was -3.1 million.

The reorganisation that was implemented during the quarter has expanded the scope of responsibility for regional managers, who, together with the market asset managers will apply a holistic approach to their regions. The leasing organisation has also been streamlined, now led by a Head of Leasing. There has already been a positive impact in the form of new leases for the full year of SEK 133 million. In Kista, 9,000 sq. m. have been leased out since the cluster was taken over in March. New tenants include Lernia and Regus. In Malmö, our new property, Isblocket, has been nearly fully leased. Included on the list of tenants are Malmö municipality parking, AddPro and Jaguar/Land Rover. In Gothenburg, major leases were signed during the quarter with Nakd Online and Skanska. Net leasing during the fourth quarter amounted to SEK 10 million.

Proactive renegotiation efforts were carried out for agreements corresponding to a rental value of SEK 55 million, resulting in a rental increase in excess of SEK 6 million, or 12 per cent on average.

Responsibility for developing the organisation, employees and business was clarified by appointing Ylva Sarby Westman as Deputy CEO and CIO. The position also includes overall responsibility for transactions, HR and sustainability.

SUSTAINABILITY

As of the 2015 Annual Report, Kungleden will report its sustainability efforts in accordance with GRI (Global Reporting Initiative), with focus on the environment, diversity, business ethics, social responsibility and health & safety. Efforts in this area got underway in 2015, with full implementation during 2016. A new sustainability policy was formulated during the quarter.

Numerous energy-saving initiatives were implemented during the year, resulting in energy savings of 2.5 per cent, which corresponds to cost saving of SEK 5.5 million. Kungsleden also joined the government initiative, Fossil Free Sweden. It strives to make Sweden one of the world's first fossil free welfare countries by having its members implement certain concrete measures to reduce emissions.

At the end of 2015, a decision was made to fill two trainee positions early in 2016 with the aim of bringing new ideas and perspectives to the company from the next generation of decision-makers. The trainee positions are in the areas of finance and treasury as well as property management.

OUR OFFICES BECOME SHOWROOMS

Having moved into our new head office facilities in Stockholm and new regional office facilities in Gothenburg, it's soon time for our other regional offices in Malmö and Västerås to move into our own properties. Additionally, local offices/showrooms were opened in Kista and Högsbo. Next in line are Danderyd and Gärdet/Frihamnen. As a long-term property owner, we feel it is essential that we run all of our operations from our own properties, which will soon be the case. As part of that effort, we have set up an office concept that not only reflects the new Kungsleden, but also exemplifies what modern, flexible office facilities look like. Our offices thus function both as workplaces for our employees and showrooms for existing and potential tenants.

REGION STOCKHOLM



Hornafjord 1

RESULTS, JANUARY-DECEMBER 2015

Rental revenue, SEK m	909
Operating net, SEK m	639
Operating surplus margin, %	70.3

EARNINGS CAPACITY¹ AS OF 31 DECEMBER 2015

No. of properties	81
Leasable area, thousand sq. m	830
Rental value, SEK m	1,141
Rental revenue, SEK m	1,083
Operating net, SEK m	776
Book value, SEK m	13,022
Economic occupancy rate, %	94.9
Occupancy rate, area wise, %	88.3
Property yield, %	6.0
Operating surplus margin, %	71.7

1. Not including project properties.

REGION MÄLARDALEN



Ottar 6

RESULTS, JANUARY-DECEMBER 2015

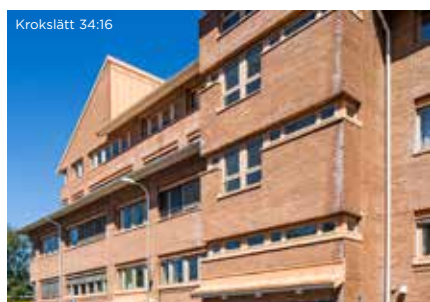
Rental revenue, SEK m	635
Operating net, SEK m	384
Operating surplus margin, %	60.4

EARNINGS CAPACITY¹ AS OF 31 DECEMBER 2015

No. of properties	47
Leasable area, thousand sq. m	674
Rental value, SEK m	651
Rental revenue, SEK m	610
Operating net, SEK m	376
Book value, SEK m	5,541
Economic occupancy rate, %	93.7
Occupancy rate, area wise, %	90.0
Property yield, %	6.8
Operating surplus margin, %	61.6

1. Not including project properties.

REGION GOTHENBURG



Krokslätt 34:16

RESULTS, JANUARY-DECEMBER 2015

Rental revenue, SEK m	424
Operating net, SEK m	280
Operating surplus margin, %	66.0

EARNINGS CAPACITY¹ AS OF 31 DECEMBER 2015

No. of properties	91
Leasable area, thousand sq. m	621
Rental value, SEK m	473
Rental revenue, SEK m	422
Operating net, SEK m	279
Book value, SEK m	4,358
Economic occupancy rate, %	89.2
Occupancy rate, area wise, %	88.3
Property yield, %	6.4
Operating surplus margin, %	66.2

1. Not including project properties.

REGION MALMÖ



Vagnslidret 1 (Isblocket)

RESULTS, JANUARY-DECEMBER 2015

Rental revenue, SEK m	345
Operating net, SEK m	242
Operating surplus margin, %	70.2

EARNINGS CAPACITY¹ AS OF 31 DECEMBER 2015

No. of properties	63
Leasable area, thousand sq. m	458
Rental value, SEK m	395
Rental revenue, SEK m	347
Operating net, SEK m	244
Book value, SEK m	3,821
Economic occupancy rate, %	87.8
Occupancy rate, area wise, %	88.3
Property yield, %	6.4
Operating surplus margin, %	70.3

1. Not including project properties.

PROJECT PROPERTIES



Enen 10, Södertälje

EARNINGS CAPACITY AS OF 31 DECEMBER 2015

No. of properties	9
Leasable area, thousand sq. m	82
Rental value, SEK m	86
Rental revenue, SEK m	60
Operating net, SEK m	27
Book value, SEK m	728
Economic occupancy rate, %	70.4
Occupancy rate, area wise, %	59.8
Property yield, %	3.7
Operating surplus margin, %	45.1

CHANGES IN THE PORTFOLIO

Efforts to optimise and expand the property portfolio continue, with acquisition of strategic properties and divestiture of properties that do not match the strategy we are pursuing, or which are not efficient in terms of property management. During the fourth quarter, we achieved one of our long-term goals by reducing our geographic distribution from 91 municipalities at the start of 2015, to 69 at the end of December 2015. Now, 76 per cent of the properties in the portfolio are located in the prioritised regions of Stockholm, Gothenburg, Malmö and Västerås.

Acquired properties

Four properties were acquired and taken in possession during the fourth quarter in the growing area of Gärdet/Frihamnen, thereby creating a new inner city cluster with a leasable area of 89,000 sq. m. Another property was acquired at the same time in Hammarby Sjöstad, but it has not yet been taken in possession. Possession was, however, gained to Terminalen 2, a property which had been acquired previously.

Thus, during the quarter, Kungsleden acquired five properties for SEK 2,995 million.

For the full-year 2015, 19 properties were acquired for a value corresponding to SEK 5,790 million, of which properties corresponding to a value of SEK 327 million have not yet been taken in possession.

ACQUIRED PROPERTIES

Year	Quarter	In possession	Property name	Region	Cluster	Location	Category	Purchase price ¹ , SEK m	Leasable area, thousand sq. m
IN POSSESSION									
2014	Q4	Q1, 2015	Färöarna 3	Stockholm	Kista City	Kista	Offices		37,830
2014	Q4	Q1, 2015	Reykjavik 2	Stockholm	Kista City	Kista	Offices		11,892
2014	Q4	Q1, 2015	Borgarfjord 5	Stockholm	Kista City	Kista	Offices		10,035
Subtotal								1,726	59,757
2015	Q1	Q1, 2015	Högsbo 27:9	Gothenburg	Högsbo cluster	Västra Frölunda	Industrial/Warehouse		9,608
2015	Q1	Q2, 2015	Hornafjord 1	Stockholm	Kista City	Kista	Offices		22,841
2015	Q1	Q2, 2015	Högsbo11:5	Gothenburg	Högsbo cluster	Västra Frölunda	Industrial/Warehouse		3,670
2015	Q1	Q2, 2015	Högsbo 13:6	Gothenburg	Högsbo cluster	Västra Frölunda	Industrial/Warehouse		7,471
2015	Q1	Q2, 2015	Högsbo 14:3	Gothenburg	Högsbo cluster	Västra Frölunda	Offices		3,532
2015	Q1	Q2, 2015	Högsbo 27:8	Gothenburg	Högsbo cluster	Västra Frölunda	Industrial/Warehouse		2,556
2015	Q2	Q2, 2015	Dubbelknappen 20	Malmö	Fosieby	Malmö	Offices		5,715
2015	Q2	Q2, 2015	Gefion 3	Malmö	Hyllie	Malmö	Offices		3,257
2015	Q2	Q2, 2015	Hästvagnen 3	Malmö	Fosieby	Malmö	Offices		5,349
2015	Q2	Q2, 2015	Lorens 4	Mälardalen	Västerås City	Västerås	Offices		26,010
2015	Q2	Q2, 2015	Översikten 6	Gothenburg		Jönköping	Retail		10,477
2015	Q2	Q2, 2015	Översikten 9	Gothenburg		Jönköping	Retail		4,516
2015	Q2	Q2, 2015	Keflavik 1	Stockholm	Kista City	Kista	Offices		25,000
2015	Q2	Q4, 2015	Terminalen 2	Stockholm	Kista City	Sollentuna	Offices		15,117
2015	Q4	Q4, 2015	Stettin 5	Stockholm	Stockholm City East	Stockholm	Offices		16,999
2015	Q4	Q4, 2015	Stettin 6	Stockholm	Stockholm City East	Stockholm	Offices		25,899
2015	Q4	Q4, 2015	Rotterdam 1	Stockholm	Stockholm City East	Stockholm	Industrial/Warehouse		24,997
2015	Q4	Q4, 2015	Tegeludden 13	Stockholm	Stockholm City East	Stockholm	Offices		20,595
Subtotal								5,463	233,609
Total acquired properties, in possession								7,189	293,366
Not yet in possession									
2014	Q4	Q1, 2016	Vagnslidret 1	Malmö	Hyllie	Malmö	Offices		4,355
2015	Q4	Q1, 2017	Godsvagnen	Stockholm	Stockholm City East	Stockholm	Offices		-
Total acquired properties, not yet in possession								492	4,355
TOTAL AMOUNT, ACQUIRED PROPERTIES								7,681	297,721

1. Before deduction for deferred tax and transaction costs.



New cluster in Stockholm

Early in the fourth quarter, Kungsliden acquired four properties at Gärdet/Frihamnen, totalling 89,000 sq. m. and thereby establishing a new cluster in one of Stockholm's most expansive areas, where a modern, innovative and sustainable mix of 12,000 residences and 35,000 new work places is being developed called Norra Djurgårdsstaden. It is scheduled for completion sometime around 2030. The city's vision for the area is a good match with Kungsliden's long-term strategy of owning high quality properties in attractive and expansive areas.

Gärdet/Frihamnen is a valuable addition to our already strong property portfolio in Stockholm and our clusters in Kista, Danderyd, Stockholm West and Västberga. The area has all the characteristics we're looking for in our cluster strategy, including a good location with high accessibility in a market with growth potential, near major roads and/or hubs, with a good mix of residential and office properties, and with development potential in terms of both the cityscape and profile.

Gärdet/Frihamnen is already well developed, with a good offering of residences, offices, shops, restaurants, grocery stores, gyms and other services, all of which is being further fortified as Norra Djurgårdsstaden continues to develop. Local businesses also benefit from purchases made by tourists on the 300 or so cruise ships that visit Stockholm Harbour each year. Accessibility in the area is already excellent via subway, buses and bike paths. In addition, Stockholm's Northern Link (road tunnel project) and the E20, E4 and E18 motorways make central Stockholm accessible by car in just a few minutes. The planned expansion of Spårväg City (infrastructure project) will also give this cluster easy access to central Stockholm, as well as our other major cluster, Kista City.

As one of the major commercial property owners in the area, Kungsliden will be proactive in developing Gärdet/Frihamnen, in close dialogue with the other property owners, the city and our customers.



Tegeludden 13

STOCKHOLM'S GROWTH

The Stockholm region is predominant in Sweden as an engine for growth, with its favourable company climate and steady population growth. During 2015, the population of Stockholm increased by 35,000 residents and 23,000 new companies started up, according to Stockholm Business Region. This type of growth means that new residences, offices and a fortified infrastructure are required in order to meet the demand.



City of Stockholm's vision of Norra Djurgårdsstaden
Source: Aaro Designsystem



Rotterdam 1

Divested properties

Three properties were divested during the fourth quarter for SEK 116 million, of which two have been vacated. The earlier divested property, Hede 3:122, was also vacated during the quarter. For the full-year 2015, 36 properties were divested for a total value corresponding to SEK 726 million, of which properties corresponding to a value of SEK 74 million have not yet been vacated.

“During the quarter, we achieved one of our long-term goals by reducing our geographic distribution to 69 municipalities”

VALUATION OF PROPERTY HOLDINGS

For the full year, the value of the property portfolio increased by SEK 1,420 million. Of that amount, unrealised value changes were SEK 970 million and value-creating investments in properties were SEK 450 million. During the fourth quarter, property values increased by SEK 303 million, of which SEK 114 million was unrealised value changes and SEK 189 million was value-creating investments.

Unrealised value changes during the year were primarily a result of falling yield requirements in the market. The average yield requirement for Kungsliden's property portfolio was 7.4 per cent at the start of the year, and 6.5 per cent at year-end. Contributing to this was the, on average, lower yield requirement for the acquired properties, compared to that of the property portfolio at the beginning of the year. The yield requirements used for valuation purposes during the quarter varies between 4.75 and 12 per cent.

Kungsliden's entire property portfolio is valued each quarter. The valuations are based on a cash flow statement where the future earnings capacity of an individual property and the market's yield requirement are assessed. In order to obtain quality assurance and verify its internal assessments, Newsec also conducts external valuations each quarter on approximately 25 per cent of the properties. This means that each property in the portfolio is the subject of external valuation at least once during each 12-month rolling period.

DEVELOPMENT OF PROPERTY HOLDINGS



Not same scale as the graphs on pages 14 and 15.

DIVESTED PROPERTIES

Year	Quarter	Vacated	Selling price ¹ , SEK m	Leasable area, thousand sq. m
VACATED				
2014	Q4	Q1, 2015		1,565
Subtotal			9	1,565
2015	Q1	Q2, 2015		161,071
2015	Q2	Q2, 2015		10,094
2015	Q4	Q4, 2015		32,354
2015	Q4	Q4, 2015		5,450
2015	Q4	Q4, 2015		200
Subtotal			643	209,169
NOT YET VACATED				
2015	Q4	Q1, 2016		5,988
Subtotal			74	5,988
TOTAL AMOUNT, DIVESTED PROPERTIES			726	216,722

1. Before deduction for deferred tax and transaction costs.

“Unrealised value changes were SEK 114 million for the fourth quarter, and SEK 970 million for the full year”



PROPERTY HOLDINGS

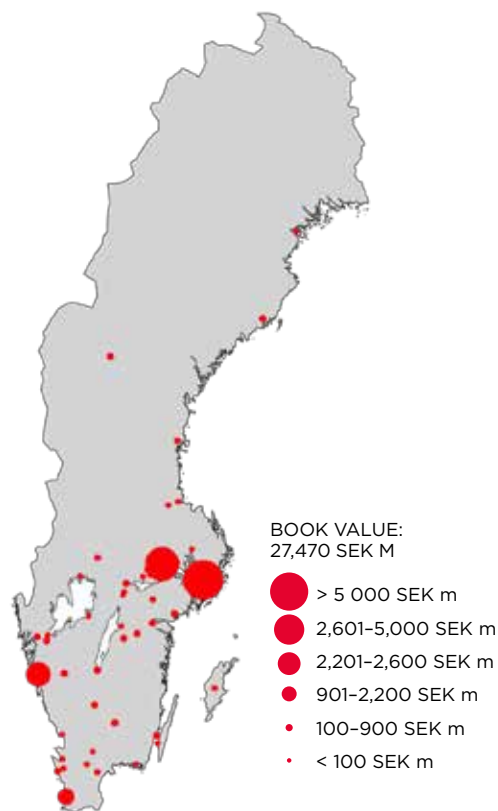
The total area amounted to 2,665 (2,592¹) thousand sq. m. distributed across the property categories Office, Industrial/Warehouse, Retail and Other and four geographic regions Stockholm, Mälardalen, Gothenburg and Malmö. In terms of property value, Region Stockholm is the largest. The share of properties located in the three metropolitan regions increased during the quarter, which is in line with our strategy.

Efforts to grow Kungsleden's clusters are ongoing and the share of properties belonging to a cluster is now 60 per cent. The book value of properties for the period was SEK 27,470 (19,612¹) million. During the quarter, properties were taken in possession for SEK 2,929 million and investments in existing properties amounted to SEK 189 (65) million.

The remaining average contract term for the property holdings was 4.2 (3.9) years.

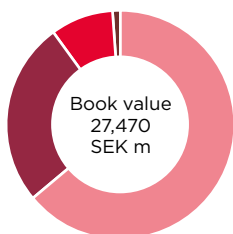
1. Excluding Nordic Modular.

GEOGRAPHIC DISTRIBUTION OF THE PROPERTY PORTFOLIO



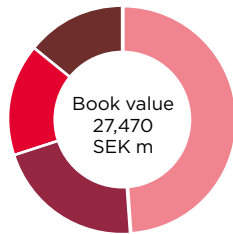
Number of municipalities as of 31 Dec 2015: 69

PROPERTY VALUE BY CATEGORY AS OF 31 DECEMBER



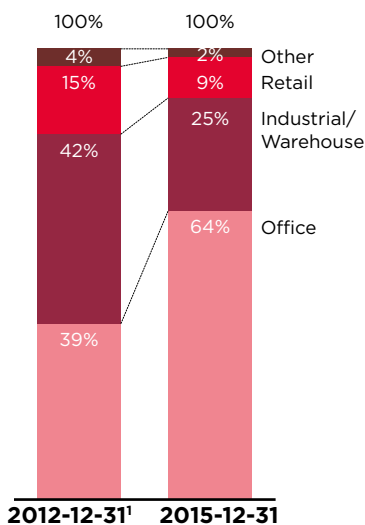
Office 64%
Industrial/Warehouse 26%
Retail 9%
Other 1%

PROPERTY VALUE BY REGION AS OF 31 DECEMBER

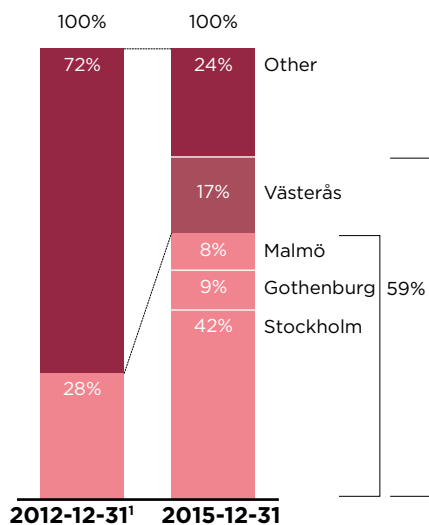


Stockholm 49%
Mälardalen 21%
Gothenburg 16%
Malmö 14%

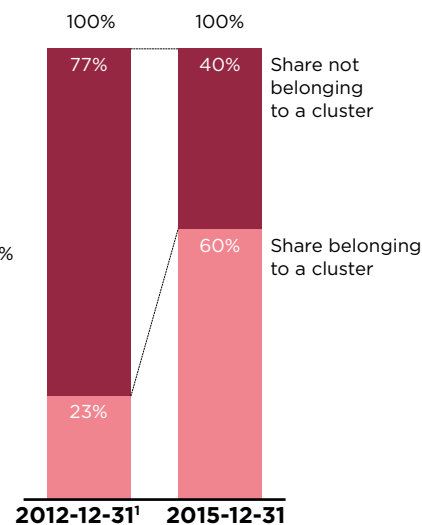
THE PROPERTY PORTFOLIO'S DEVELOPMENT BY CATEGORY



DEVELOPMENT OF THE PROPERTY PORTFOLIO, METROPOLITAN CONCENTRATION (AS DEFINED BY SCB)



SHARE OF PROPERTIES BELONGING TO A CLUSTER



1. Kungsleden's new strategy is announced.

CURRENT PROJECTS

Kungsleden is currently working with 32 properties that are at one of the following stages of development: Identification, Pre-study, Project Development or Implementation. This work is done in close cooperation with, primarily, the management organisation, in part to identify properties that could be made more profitable if developed and in part to establish the best possible development plan for each property and thereby contribute to a higher value.

Of the properties in the development process, nine are project properties, i.e. Properties where one or more buildings are intentionally being kept vacant or will be vacated, are being leased short-term, or will be demolished to make larger development projects possible.

Blästern in Stockholm

Blästern is a block of buildings located on Gävlegatan in Stockholm where Kungsleden is converting an existing office property into a hotel and modern offices. There are two buildings in the courtyard that are particularly suited as a hotel because of their location, unique design and history. The building on Gävlegatan will remain an office facility.

Status: Kungsleden is in the final phase of its evaluation process of hotel operators. Focus is on making the property a destination. The aim is to have a lease signed with the selected hotel operator sometime during the first quarter of 2016. Afterwards, the project will enter the implementation stage.

Gallerian (shopping mall) in Eskilstuna

At Kungsgatan in central Eskilstuna, Kungsleden owns four properties where one of the city's main shopping strips is located. Kungsleden is striving to give Gallerian a new identity by reviving it as an attractive shopping destination and meeting place. This will have a positive effect on the adjacent office spaces and increase the entire block's attractiveness.

Status: The conceptualisation and design phase is still underway and leasing efforts have been initiated.

“Rondellen” in Eskilstuna

Rodellen is one of the few “dead” shopping centres in Sweden. It was located in one of Eskilstuna's most strategic commercial areas, right where you enter the city at Årby traffic circle. Kungsleden will now, from scratch, create a new retail site that can capitalise on this unique, strategic location.

Status: Demolition work has been completed. Zoning work has started and potential partners are engaged in a dialogue with the municipality on the future design and content of Rondellen.

Aspgården in Umeå

This is Kungsleden's first development project, where old warehouse and industrial buildings are being converted into a modern, efficient school. The project is progressing according to schedule and budget. The next stage of the development process involves finalising the new zoning for adjacent property and buildings, aimed at creating new development rights for residential and community purposes.

Status: International English School moved into its premises over the summer and the school year got off to a good start in August, with many happy students, parents and teachers. Zoning to create new development rights for condominiums is underway.

Enen, Södertälje

The old Södertälje municipality offices are now being converted into 6,000 sq. m. of modern, flexible office space at an attractive location, near the central station. The supply of modern office facilities in central Södertälje is currently limited, despite the fact that the population is growing, with a healthy business climate.

Status: Renovations will get underway in Q1 2016, with completion expected around year-end 2017. Half of the space there has already been leased, with leasing efforts continuing for the remaining space.

Holar, Kista

Kungsleden has begun efforts to convert an office building into a modern apartment hotel. There is a high demand for this type of property in Kista and the neighbouring vicinity. The property is at a very good strategic location along Kymlingelänken highway.

Status: Leasing efforts are underway and expected to be concluded during Q1 2016. Construction is expected to start after summer 2016, thus ready for operations to start-up there during fall 2017.



PRIORITISED PROJECT PROPERTIES

Development is a four step process (Identification, Pre-study, Project Development and Implementation) that focuses on efficiency and value creation. Please read more about our development projects below or at www.kungsleden.se

Property, location	Project type	Type	Phase	approx. area, in sq. m. ¹	Description	Expected year of completion	Estimated investment, SEK m
PROJECT PROPERTIES Q4/2015							
Blästern 14, Stockholm	Renovation and conversion	Hotel/offices	Project development/leasing	15,000	Project and concept development and project leasing of a block at Nya Hagastaden.	2018/2021	385
Enen 10, Södertälje	Renovation and improvements	Offices	Implementation/leasing	6,000	Improvements to office property in central Södertälje First tenants move in Q4 2016	2017/2018	125
Värblomman 8, Värblomman 11, Visheten 14 och Visheten 15, Eskilstuna (Gallerian)	Improvement	Retail	Project development/leasing	29,000	Project and concept development and project leasing of existing retail space and offices in central Eskilstuna.	2017	200
Skiftinge 1:3, Eskilstuna	New development rights/new production	Retail	Pre-study/design	25,000	Demolition of existing building as well as project and concept development of new retail site along the E20 highway.	2017/2018	240
Aspgården 18, Umeå	New development rights	Residential/pre-school	Pre-study/design	20,000	Improve existing buildings and alter zoning to create new development rights.	2016/2017	n/a
Verkstaden 7, Västerås	New development rights	Residential	Pre-study/design	50,000–70,000	Detailed planning to convert an old industrial building and create new development rights in Kopparlunden.	2016	n/a
NEW PROJECT PROPERTIES AS OF Q1/2016							
Holar 1, Stockholm (Kista)	Conversion	Hotel	Project development/leasing	6,000	Improvements and conversion of office building in Kista into apartment hotel	2017	120
Mälaren 17, Örebro	Conversion/new development rights	Residential/office	Pre-study	20,000–30,000	Create new development rights and change intended use at existing buildings.	2017	n/a
Handelsmannen 1, Norrtälje	Conversion/new development rights	Residential/office	Pre-study/design	10,000	Zoning work to create new development rights and change intended use of existing buildings.	2016	n/a
Rud 4:1, Gothenburg	New development rights	Residential	Pre-study/design	23,000	Zoning efforts are underway to create new development rights for residential property. Part of Gothenburg Jubilee initiative	2017	n/a
Veddesta 2:65, Järfälla	Improvement/conversion	Offices	Pre-study	14,000–18,000	Create new development rights and possibly convert partially vacant office and warehouse building	n/a	n/a

1. Approximate area once the property has been fully developed.

Enen 10, Södertälje



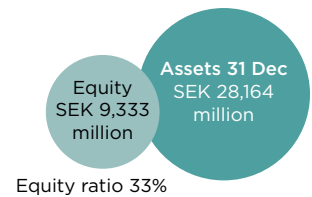
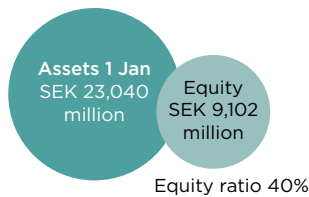
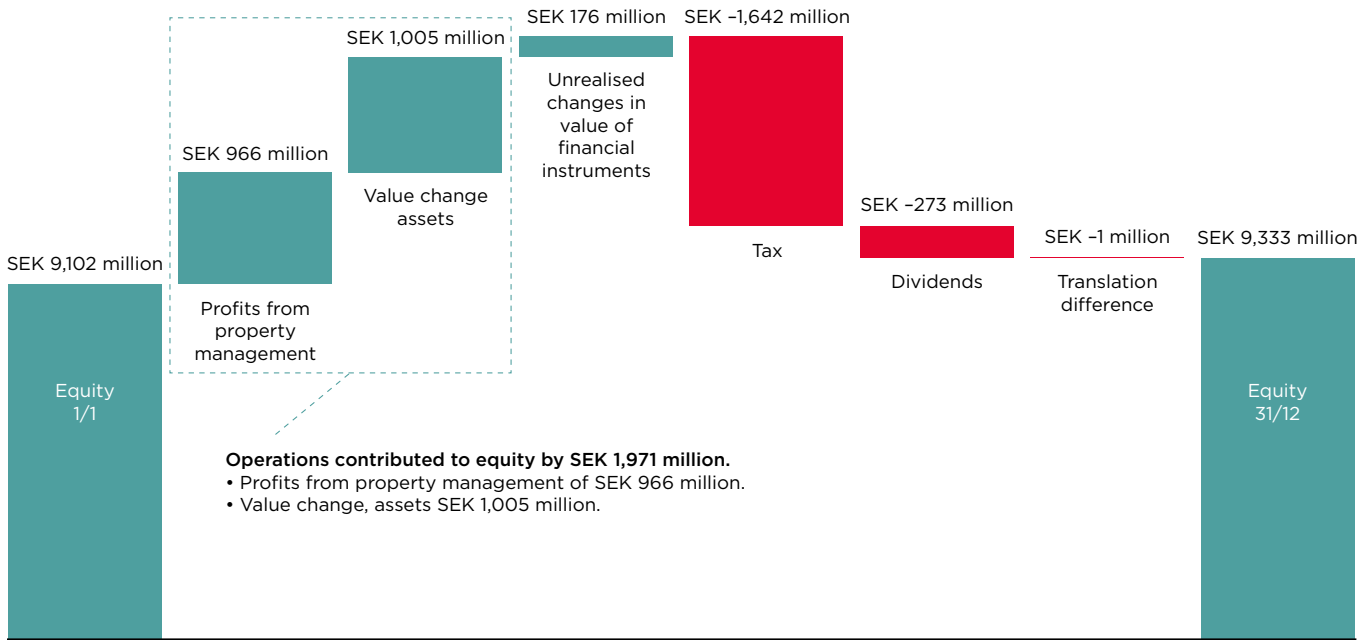
Blästern 14, Stockholm



FINANCING

EQUITY AND FINANCIAL POSITION

As of the end of the period, equity was SEK 9,333 (9,102) million, or SEK 51 (50) per share. Equity increased during the year, despite the tax provision of SEK 1,319 million that was made in the fourth quarter. This corresponds to an equity ratio of 33 (40) per cent. Kungsliden employs a restriction that its equity ratio must be at least 30 per cent.



FINANCING COSTS

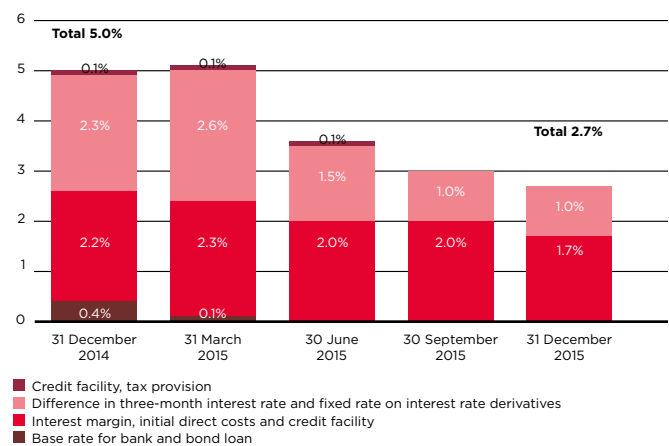
Financial expenses continued to fall during the fourth quarter of the year. Net financial items, not including interest income from associated companies, improved during the quarter to SEK -103 million from SEK -109 million, compared to the fourth quarter last year.

Net financial items for the full year improved to SEK -497 (-660) million, due to refinancing at a lower cost, lower short-term interest rates and exercising old interest rate swaps with a high coupon rate.

Kungsliden's average interest rate fell from 5.0 to 2.7 per cent during the year due to refinancing at a lower cost, new loans at a lower cost and lower short-term interest rates. At the same time, average maturity on loans was lengthened to 3.6 years, compared to 2.6 years at the beginning of the year. The average interest margin for borrowing, including accrued arrangement fees and commitment fees has fallen to 1.7 per cent.

During the year, Kungsliden has taken steps to reduce the burden of old, expensive interest rate swaps, while simultaneously increasing interest rate hedging henceforth. Restructuring of the interest rate swap portfolio and maturity of interest rate swaps during the year helped lower the average interest rate by around 1.3 percentage points. During the second quarter, old interest rate swaps were settled for a nominal amount of SEK 2.8 billion, with contractual maturity during 2016–2020. New interest rate swaps were simultaneously acquired for a nominal amount of SEK 3.9 billion at current interest rates. Towards the end of the fourth quarter, additional interest rate swaps were settled for a nominal amount of SEK 1 billion. In conjunction with that, new interest rate swaps were acquired for a nominal amount of SEK 3.6 billion.

AVERAGE INTEREST RATE



The average interest rate is calculated by setting the interest costs for loans and interest rates swaps, initial direct costs and the costs associated with unused credit lines in relation to the outstanding loan volume at the end of the reporting period.

At the end of the quarter, the nominal amount of the swap portfolio was SEK 12,030 million. Consequently, 69 per cent of interest-bearing liabilities as of 31 December have a fixed interest term that is longer than one year. The average fixed interest term is 3.5 years. With the new fixed interest term, an increase in short-term interest rates will only have a marginal impact on net financial items. If STIBOR 90-days were to increase by 1 percentage point

on all maturities, the anticipated impact on net financial items would be approximately SEK 10 million over the next 12 months.

The negative market value (undervalue) of interest rate swaps fell drastically during the year to SEK -347 million as of 31 December 2015, compared to SEK -1,134 million at the beginning of the year. By settling interest rate swaps, the negative market value was reduced by SEK 611 million. The net effect of movements in long-

term interest rates during the year was a reduction in the negative market value of SEK 48 million. Additionally, scheduled interest payment on swaps totalled SEK 224 million, resulting in unrealised value changes on financial instruments totalling SEK 176 million for the full year. Kungsliden's assessment is that the book value and fair value of interest-bearing liabilities is essentially the same.

MATURITY STRUCTURE, LOANS AND INTEREST RATE DERIVATIVES

As of 31 December 2015, SEK m	Utilised credits	Unutilised credits	Total credits	Interest rate derivatives ¹	Average interest rate for derivatives, %	Average remaining fixed-interest term, years
2016	1,166	250	1,416			
2017	375	366	741	910	0.0	
2018	3,700		3,700	1,000	0.2	
2019	5,264		5,264	1,000	0.5	
2020	5,119		5,119	2,770	0.6	
2021	1,832		1,832	1,800	0.8	
2022				3,500	1.4	
2023					0.0	
2024				1,050	4.6	
Total	17,456	616	18,073	12,030		3.5
Average remaining maturity, years	3.6		3.5			

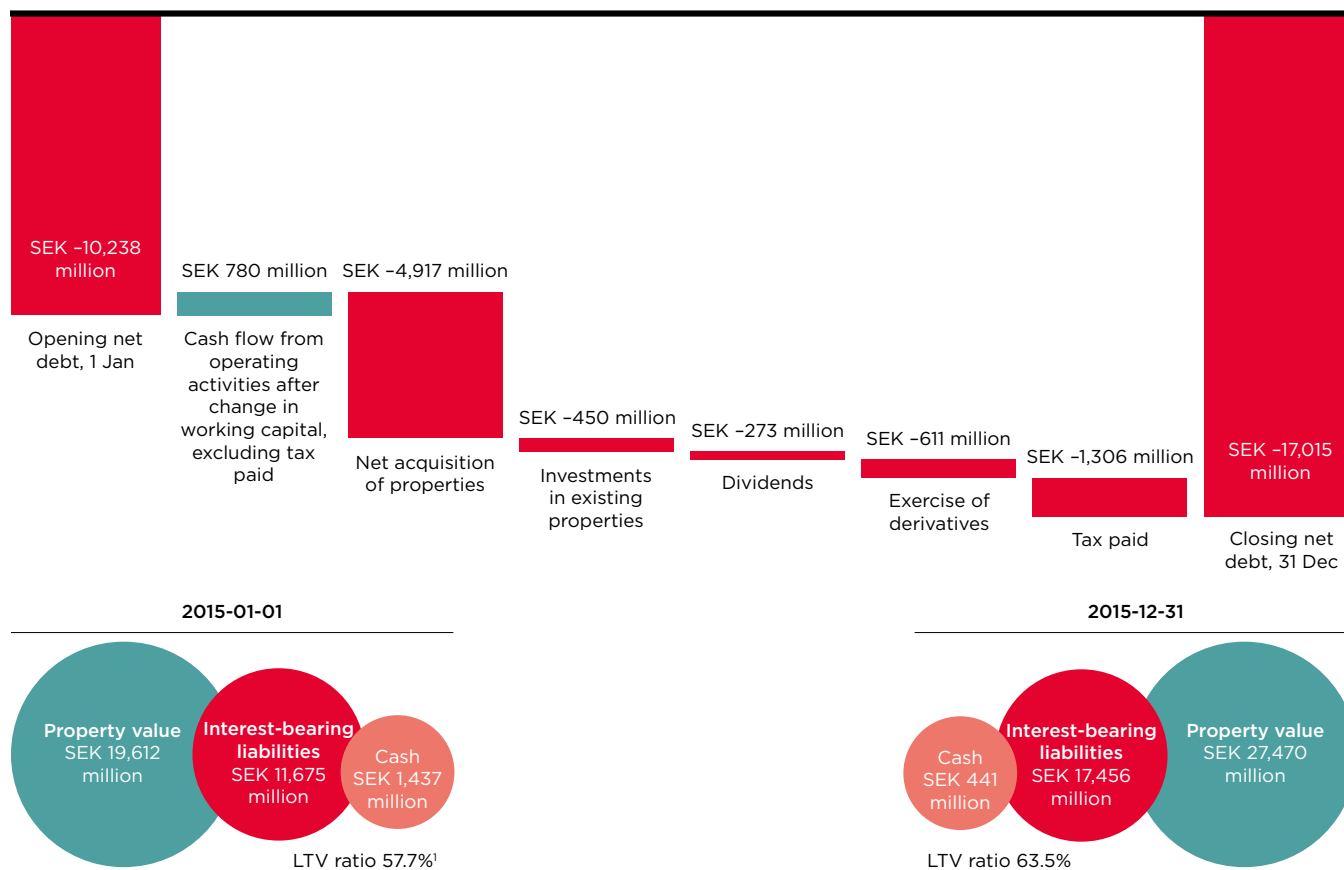
1. Kungsliden's interest rate derivatives enable the company to obtain variable interest rates and pay fixed interest over longer periods of time. Kungsliden has entered into derivative contracts with 1 year interest rate floors that mature in 2016 totalling SEK 3,880 million in nominal terms, with strike 0 %.

BORROWING AND CASH FLOW

During the fourth quarter, borrowing increased by SEK 3,450 million, primarily due to the acquisition of Gärdet/Frihamnen, which was financed via utilisation of existing credit facilities together with new borrowings. Existing credit facilities were also utilised to finance the tax payment resulting from the ruling handed down by the Administrative Court of Appeal at the end of the year and to repay bond loans that matured during the fourth quarter. During the period, amortisation of bank loans totalled SEK 104 million, which consisted of repayment of loans on properties that were vacated during the quarter, along with scheduled amortisation.

The Group's loan-to-value (LTV) ratio, measured as interest-bearing liabilities in relation to property assets, was 64 (60) per cent. Kungsliden has provided collateral for its bank loans, but not for its bond loans. Taking into consideration loans for which collateral has been provided, the LTV ratio was 60 (49) per cent. As of 31 December, available funds, including overdraft facilities and unutilised credit facilities totalled SEK 1,057 (3,230) million, of which the Group's cash balance totalled SEK 441 (1,437) million.

CHANGE IN NET DEBT DURING THE YEAR



1. Excl. loans Nordic Modular Group.

OTHER INFORMATION

ORGANISATION AND EMPLOYEES

For the fourth quarter of 2015, the average number of employees was 99 (92).

PARENT COMPANY

The parent company reported a loss for the year of SEK –110 (–318) million. The loss is primarily attributable to the sale of shares in Nordic Modular Group, interest income from Group companies, scheduled interest payments and value changes on interest rate swaps, tax income resulting from adjusted tax filings having to do with derivatives and the provision and payment pertaining to the adverse tax ruling.

At the end of the period, assets primarily consisted of receivables from Group companies for SEK 9,714 (9,602) million and participations in Group companies for SEK 6,036 (6,748) million. Financing was primarily via liabilities to Group companies for SEK 8,191 (7,921) million and equity for SEK 6,839 (7,222) million. At the end of the period, the equity ratio was 41 (40) percent.

RISKS AND UNCERTAINTIES

Kungsleden's operations, earnings and financial position are all impacted by a number of risk factors. These are primarily related to properties, taxation and financing. During the fourth quarter of 2015, there were no significant changes in risks or uncertainty factors.

For more information on Kungsleden's risks and risk management practices, please see pages 31 and 51 of the Annual Report for 2014.

NORDIC MODULAR GROUP

During the fourth quarter, Kungsleden sold its remaining share of Nordic Modular Group, corresponding to 34.5 per cent of the total shares in the company to Inter IKEA Investments for SEK 1.45 billion (the enterprise value). This transaction provided Kungsleden with liquidity of approximately SEK 330 million. The sale also resulted in a realised gain of SEK 24 million, which is reported in the item, Profit from sale of Nordic Modular Group. As of the first quarter of 2016, Nordic Modular is no longer reported in Kungsleden's profit or loss.

OUTSTANDING TAX ISSUES

In December 2015, the Administrative Court of Appeal handed down its rulings on Kungsleden's last remaining tax case. In the cases, the Swedish Tax Agency claimed that certain transactions in 2006 were taxable in Sweden, even though the transactions were made by Kungsleden's affiliated company in the Netherlands, where the capital gain was tax exempt. The Administrative Court had previously ruled in favour of the Swedish Tax Agency and in December 2015, the Administrative Court of Appeal handed down its rulings stating that the transactions, for tax purposes, must be deemed to have been carried out by Swedish companies belonging to the Group. In February 2016, Kungsleden filed for leave to appeal with the Supreme Administrative Court. A decision on the leave to appeal is expected sometime during the next six months. A provision of SEK 1,319 million was made in the fourth quarter, based on the rulings.

FUTURE EXPECTATIONS

Some of the reported figures in this half-year report are future-oriented and the actual outcome could be considerably different. Besides the factors that have been commented on specifically, other factors could significantly impact the actual outcome, such as economic growth, interest rates, financing terms, the rate of return on property assets and political decisions.



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INCOME STATEMENT

SEK m	Quarter		Full Year	
	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Rental revenue	659	524	2,314	2,193
Property costs	-217	-185	-769	-703
Operating net	441	338	1,545	1,491
Selling and administration costs	-28	-33	-106	-101
Net financial items				
Financial income	2	6	11	11
Interest expenses	-94	-148	-459	-630
Share in profits of associated companies	6	-	24	-
Other financial costs	-11	-9	-50	-41
	-97	-151	-473	-660
Profits from property management	316	154	966	730
Value change assets				
Profit (loss) on sales Nordic Modular Group	24	-	24	-
Profit (loss) on property sales	6	0	11	73
Unrealised changes in value	114	595	970	930
	144	595	1,005	1,003
Unrealised changes in value of financial instruments	95	-107	176	-427
Profit (loss) before tax	555	642	2,147	1,306
Tax	-1,264	-144	-1,642	-1,965
Net profit/loss for the period, continuing operations	-709	499	505	-659
Profit/loss from discontinued operations	-	-128	-	-94
Net profit/loss for the period, continuing and discontinued operations	-709	371	505	-753
Earnings per share, continuing operations¹	Neg.	2.91	2.78	Neg.
Earnings per share, continuing and discontinued operations¹	Neg.	2.16	2.78	Neg.

1. Before and after dilution.

STATEMENT OF COMPREHENSIVE INCOME

SEK m	Quarter		Full Year	
	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Profit/loss for the period, from continuing operations and discontinued operations	-709	371	505	-753
Other comprehensive income				
Translation gains/losses for the period, on consolidation of foreign operations	-1	2	-1	4
Comprehensive income for the period¹	-710	373	504	-749

1. All of comprehensive income for the year is attributable to the Parent Company's shareholders.

STATEMENT OF FINANCIAL POSITION – IN SUMMERY¹

SEK m	31/12/2015	31/12/2014
ASSETS		
Intangible assets		
Intangible assets	5	-
Total intangible assets	5	-
Property, plant and equipment		
Properties	27,470	19,612
Equipment	10	8
Deferred tax receivable	-	31
Other non-current receivables	6	9
Total property, plant and equipment	27,486	19,661
Total non-current assets	27,491	19,661
Current assets		
Current receivables	232	141
Assets held for sale – modular buildings and property used in business operations	-	1,428
Assets held for sale – other	-	372
Cash and bank	441	1,437
Total current assets	673	3,379
TOTAL ASSETS	28,164	23,040
EQUITY AND LIABILITIES		
Equity	9,333	9,102
Interest-bearing liabilities		
Liabilities to credit institutions	16,381	9,613
Bond loans (unsecured)	1,075	1,699
Liabilities related to assets held for sale	-	362
Total interest-bearing liabilities	17,456	11,675
Non interest-bearing liabilities		
Provisions	5	5
Deferred tax liability	287	-
Derivatives ²	347	1,134
Income tax liabilities	13	13
Other non interest-bearing liabilities	724	645
Liabilities related to assets held for sale	-	467
Total non interest-bearing liabilities	1,375	2,264
TOTAL EQUITY AND LIABILITIES	28,164	23,040

1. In accordance with IFRS 5, Nordic Modular was reported in 2014 as assets held for sale.

2. Kungsleden uses derivatives, primarily interest rate swaps to hedge interest rate risks. These financial instruments are measured at fair value in the statement of financial position on the line "derivatives" and valuation is reported in the income statement. Derivatives are valued using valuation techniques where the input is observable market data (level 2).

STATEMENT OF CHANGES IN EQUITY – IN SUMMERY

SEK m	31/12/2015	31/12/2014
At the beginning of the period	9,102	8,453
Dividends	-273	-171
Rights issue	-	1,568
Comprehensive income for the period	504	-749
At the end of the period	9,333	9,102

STATEMENT OF CASH FLOWS – IN SUMMERY

SEK m	Quarter		Full Year	
	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
OPERATIONS				
Profit (loss) before tax	555	642	2,147	1,306
Profit (loss) on sales	-30	0	-35	-73
Unrealised changes in value	-209	-488	-1,146	-504
Dividends and cash flow for Nordic Modular (discontinued operations)	-	165	-	246
Adjustments for items not included in cash flow from operating activities	39	-9	-3	-1
Tax paid	-1,305	-459	-1,306	-1,483
Cash flow from operating activities	-950	-149	-343	-509
Changes in working capital	-303	-137	-185	727
Cash flow from operating activities after change in working capital	-1,252	-286	-527	218
Cash flow from investing activities	-2,792	-156	-5,978	730
Cash flow from financing activities	3,450	959	5,509	164
Cash flow for the period	-594	518	-996	1,112
Cash equivalents at the beginning of the period	1,035	918	1,437	323
Exchange rate differences on cash equivalents	0	1	0	3
Cash equivalents at the end of the period	441	1,437	441	1,437

SEGMENT REPORT¹

Region	Stockholm		Mälardalen		Gothenburg		Malmö		Non-Allocated Items		Total	
	2015 Jan-Dec	2014 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec	2015 Jan-Dec	2014 Jan-Dec
SEK m												
Rental revenue	909	702	635	692	424	457	345	342			2,314	2,193
Property costs	-270	-214	-251	-249	-144	-145	-103	-93			-769	-703
Operating net	639	487	384	443	280	312	242	249			1,545	1,491
Selling and administration costs									-106	-101	-106	-101
Net financial items									-473	-660	-473	-660
Profits from property management	639	487	384	443	280	312	242	249	-579	-761	966	730
Value change assets												
Profit (loss) on sales									35	73	35	73
Unrealised changes in value									970	930	970	930
Unrealised changes in value of financial instruments									176	-427	176	-427
Profit (loss) before tax	639	487	384	443	280	312	242	249	602	-185	2,147	1,306
Total tax									-1,642	-1,965	-1,642	-1,965
Share in profits from discontinued operations									-	-94	-	-94
Profit/loss for the period	639	487	384	443	280	312	242	249	-1,040	-2,244	505	-753

1. From 2015 Kungsleden has a new classification which is based on regions. The new classification is done because of Nordic Modular, that used to be a segment, now is divested. Comparative figures have been restated according to the same principle.

KEY FIGURES¹

	Quarter		Full Year	
	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Property related				
<i>Earnings capacity</i>				
Property yield, %			6.2	7.6
Economic occupancy rate, %			91.9	89.7
Operating surplus margin, %			67.5	71.7
<i>Outcome</i>				
Property yield, % ²	6.8	7.0	6.6	7.5
Economic occupancy rate, %	101.0 ⁵	89.2	93.2 ⁵	90.2
Operating surplus margin, %	67.0	64.6	66.8	68.0
Financial				
Return on total assets, % ²	6.6	5.9	5.8	6.6
Return on equity, %	Neg.	18.2	5.5	Neg.
Interest coverage ratio, times ²	4.0	2.2	2.9	2.2
Equity ratio, %			33.1	39.5
Debt/equity ratio, times			1.9	1.3
LTV (loan-to-value), %			63.5	57.7
Per share information⁴				
Dividend, SEK			1.50	1.25
Total return on shares, %			9.7	33.7
Property yield on shares, %			2.5	2.2
Profits from property management, SEK	1.73	0.90	5.31	5.02
Net profit/loss for the period, continuing operations, SEK	Neg.	2.91	2.78	Neg.
Net profit/loss for the period, continuing and discontinued operations, SEK	Neg.	2.16	2.78	Neg.
Equity, SEK			51.28	50.01
EPRA NAV, SEK ³			54.76	56.07
Cash flow from operating activities, SEK	-5.22	-1.75	-1.88	-4.54
Outstanding shares at the end of the period	182,002,752	182,002,752	182,002,752	182,002,752
Average number of shares	182,002,752	171,616,725	182,002,752	145,352,883

1. Kungsleden's policy regarding key figures is that previously published figures apply. The subsidiary, Nordic Modular Group is thus reported as discontinued operations 2014.

2. Kungsleden's policy regarding key figures is that previously published figures apply. The definitions for property yield, return on total assets and interest coverage ratio have changed. See Annual Report 2014 for current definitions.

3. The definition of EPRA NAV is equity, with derivatives and deferred tax added back, divided by the number of shares at the end of the period.

4. After and before dilutive effect. For the fourth quarter of 2015 is 182,002,752 (171,616,725), and for the period January-December 2015 the average number of shares is 182,002,752 (145,352,883).

5. The high outcome for economic occupancy rate is primarily explained by early redemption of leases.

PARENT COMPANY INCOME STATEMENT - IN SUMMERY

SEK m	Quarter		Full Year	
	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Intra-Group income	12	6	43	28
Administration costs	-14	-7	-40	-30
Operating profit (loss)	-2	-1	3	-2
Profit (loss) from financial items	427	326	683	-563
Appropriations	517	151	517	151
Profit (loss) before tax	942	476	1,203	-414
Tax on net profit/loss for the period	-1,308	2	-1,313	96
Profit/loss for the period	-366	478	-110	-318

BALANCE SHEET, PARENT COMPANY - IN SUMMERY

SEK m	31/12/2015	31/12/2014
ASSETS		
Participations in Group companies	6,036	6,748
Participations in associated companies	-	-
Receivables from Group companies	9,714	9,602
Other receivables	387	398
Cash and cash equivalents	376	1,257
TOTAL ASSETS	16,513	18,005
EQUITY AND LIABILITIES		
Equity	6,839 ¹	7,222
Non-current liabilities	1,075	1,701
Liabilities to Group companies	8,191	7,921
Other liabilities	408	1,161
TOTAL EQUITY AND LIABILITIES	16,513	18,005

1. Dividends have reduced equity by SEK 273 m (171).

QUARTERLY SUMMARY

INCOME STATEMENTS, IN SUMMARY

SEK m	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net sales	659	570	560	525	524	552	551	567
Operating net	441	409	362	333	338	404	383	366
Selling and administration costs	-28	-26	-27	-24	-33	-23	-23	-22
Net financial items	-97	-109	-132	-134	-151	-164	-168	-176
Profits from property management	316	274	202	175	154	217	191	168
Profit (loss) from sales	30	-	1	4	0	7	86	-21
Unrealised gains/losses on property	114	202	411	243	595	169	126	41
Unrealised changes in value of financial instruments	95	-61	187	-45	-107	-70	-125	-124
Profit (loss) before tax	555	415	801	377	642	322	278	64
Tax	-1,264	-93	-205	-81	-144	-72	-1,732	-17
Net profit/loss for the period, continuing operations	-709	322	596	296	499	250	-1,454	47
Profit/loss from discontinued operations	-	-	-	-	-128	23	-11	21
Net profit/loss for the period, continuing and discontinued operations	-709	322	596	296	371	274	-1,465	68

FINANCIAL POSITION, IN SUMMARY

SEK m	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
ASSETS								
Intangible assets	5	-	-	-	-	-	172	201
Investment properties - properties	27,470	24,346	23,259	21,700	19,612	18,982	19,971	20,410
Investment properties - modular buildings	-	-	-	-	-	-	1,512	1,509
Property used in business operations	-	-	-	-	-	-	24	24
Equipment	10	9	7	8	8	9	14	15
Deferred tax receivable	-	-	-	-	31	147	-	-
Participations in associated companies	-	115	108	102	-	-	-	-
Other non-current receivables	6	182	183	184	9	10	11	11
Total non-current assets	27,491	24,651	23,556	21,993	16,661	19,148	21,704	22,170
Inventories	-	-	-	-	-	-	14	17
Current receivables	232	198	227	203	141	124	213	286
Assets held for sale - modular buildings and property used in business operations	-	-	-	-	1,428	1,528	-	-
Assets held for sale - other	-	-	-	-	372	381	-	-
Cash and bank	441	1,035	611	298	1,437	896	433	400
Total current assets	673	1,233	838	501	3,379	2,929	660	703
TOTAL ASSETS	28,164	25,884	24,394	22,494	23,040	22,077	22,364	22,873
EQUITY AND LIABILITIES								
Equity	9,333	10,043	9,720	9,398	9,102	7,161	6,888	8,521
Interest-bearing liabilities								
Liabilities to credit institutions	16,381	12,332	11,381	9,412	9,613	10,182	11,279	10,857
Bond loans (unsecured)	1,075	1,675	1,675	1,699	1,699	1,699	1,699	1,699
Liabilities related to assets held for sale	-	-	-	-	362	373	-	-
Total interest-bearing liabilities	17,456	14,007	13,056	11,111	11,675	12,254	12,978	12,556
Non interest-bearing liabilities								
Provisions	5	5	5	5	5	5	14	15
Deferred tax liability	287	359	265	63	-	-	114	2
Derivatives	347	724	663	1,179	1,134	1,026	956	833
Income tax liability	13	26	52	75	13	410	-	-
Other non interest-bearing liabilities	724	720	634	663	645	751	1,414	946
Liabilities related to assets held for sale	-	-	-	-	467	469	-	-
Total non interest-bearing liabilities	1,375	1,834	1,618	1,985	2,264	2,662	2,498	1,796
TOTAL EQUITY AND LIABILITIES	28,164	25,884	24,394	22,494	23,040	22,077	22,364	22,873

ACCOUNTING POLICIES

This Year-end Report for the Group has been prepared in accordance with IAS 34 Interim Financial Reporting and for the Parent Company in accordance with Chapter 9 of the Annual Accounts Act.

In addition, the report was prepared in accordance with the Annual Accounts Act (1995:1554) and the Swedish Securities Market Act (2007:528), where applicable. For the Group and the Parent Company, the company has applied the same accounting policies and bases of calculation as in the most recent Annual Report, with the exception of the revised accounting policy described below, which came into force on 1 January 2015.

IFRIC 21 Levies has been applied for the Group as of 1 January 2015. The statement

contains rules stating that government charges, which relate to property taxes when it comes to Kungsleden, must be expensed in full when the obligation arises. This means that throughout the year the debt of the property tax is recognized per January 1, and additionally reported as prepaid expenses which is accrued linearly over the financial year. Expense recognition does not change, and is accrued over the year.

Associated companies, investments in associates are reported using the equity method.

Estimates and judgements

In order to prepare interim financial statements, it is necessary for the company's

management team to make assessments and estimates, as well as assumptions that affect how the accounting policies are applied and the reported amounts for assets, liabilities, income and expenses. The actual results may deviate from these estimates and assessments. The critical judgements that have been made and sources of uncertainty that exist are the same as the ones described in the most recent annual report.

STOCKHOLM, 17 FEBRUARY 2016

Biljana Pehrsson
CEO

Kungsleden has made the information in this year-end report public in accordance with the Swedish Securities Market Act (2007:528) and/or the Financial Instruments Trading Act. The information was made public on 17 February 2016 at 07.00.

The Company's auditors have not examined this year-end report. This is a translation of an original document in Swedish. In case of dispute, the original document should be taken as authoritative. Or, contact the company directly.

For all definitions, see the Annual Report for 2014 as well as www.kungsleden.com

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